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By Peter Mantius

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June 23, 2014 7:13PM

Marcellus Watch: Fagan engineers the facts on LPG facility

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On June 9 Fagan rammed through the Schuyler commission his resolution supporting Houston-based Crestwood's plan to store highly pressurized liquid petroleum gas, or LPG, in two rubble-filled caverns.

Supporters with Crestwood T-shirts cheered him on, many of them company employees. At least twice as many local residents fumed, and a few burst with outrage. Not all the crowd could squeeze into the hearing room where Fagan held forth.

Fagan is a professional engineer, a fact he is always quick to disclose. He's taken it upon himself to see that Schuyler is the only one of the four counties surrounding Seneca Lake that doesn't oppose Crestwood's plan.

Seneca County Supervisor Steve Churchill recently dared question Fagan about the structural integrity of Well 58, where Crestwood plans to store liquid butane. Fagan set him straight in a June 13 letter, categorically declaring that Well 58's roof never collapsed. Any evidence or conclusions to the contrary are "erroneous," he wrote.

For years now, Crestwood and Inergy, its predecessor company and merger partner in 2013, have schemed to hide that very evidence. Now that it's come to light, Fagan has joined the company's sock puppet ensemble to try to discredit it.

Here are the facts, based on documents. In January 2001, an engineer who'd studied dozens of the Watkins Glen caverns over many years determined that Well 58's roof had collapsed. Larry Sevenker reported that the cavity was "unusable" for hydrocarbon storage, and he recommended that it be plugged and abandoned. His supervisor at U.S. Salt agreed, as did the state Department of Environmental Conservation, and the well was plugged two years later.

On Jan. 17, 2001, nine days after Sevenker had first raised alarms about Well 58, a series of explosions triggered by leaks from a salt cavern gas storage facility in Kansas killed two people and forced mass evacuations. DEC officials fretted about similarities between the Hutchinson, Kan., facility and the U.S. Salt cavern cluster and demanded details on Well 58 and others.

Fast forward to late 2008. As the oil patch grew dizzy over the potential of gas drilling in the Marcellus Shale, Inergy bought U.S. Salt to store its byproducts. A company official told the trade press the site was ideal because it had dozens of abandoned caverns and ample disposal options for excess brine. As the company drilled and tested for exploitable cavern space between 2010 and 2012, it violated its permit to dump brine into Seneca Lake for 12 straight quarters.

In 2010 it redrilled Well 58. Lo and behold, tests "proved that no roof collapse had occurred in 2001," to quote Fagan's letter to Churchill.

But if Well 58's roof never collapsed, who can explain documents that show a rubble pile 217 feet high at the bottom of its cavern? Did the walls collapse? Did the rubble simply erupt?

Well 58 was drilled to 2,642 feet in 1992. Nine years later, Sevenker noted extensive shale and salt rubble and measured the cavern floor at 2,478 feet. So the rubble pile was 164 feet deep. When Inergy analyzed the well in 2010, it reported: "Top of rubble pile, bottom of existing cavern = 2,425 feet." So another 53 feet of rubble had accumulated between 2001 and 2010.

After Sevenker's analyses became public in 2013, an Inergy official phoned him at home in Louisiana to help him draft a letter recanting. Sevenker, still on the company's payroll as a consultant, went along.

"U.S. Salt has since provided me with two more recent sonars showing a completely different profile of the cavern — one not filled with rubble, but rather normal looking," he wrote, under Inergy's direction. The company then hired a PR firm to circulate the company's words repackaged as Sevenker's recantation.

I've interviewed Sevenker half a dozen times. He lacks Fagan's bluster and certainty. He told me he made mistakes in his 2001 analysis, but he added that the



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rock and salt layers that make up the cavern roofs and walls collapse all the time. Little chunks, big chunks, giant chunks. That's why all the caverns at U.S. Salt have rubble piles.

Those facts are inconvenient for Crestwood officials, and they need to be managed. But that's what lawyers are for.

Last year, when Crestwood's subsidiary, Arlington Storage, was applying to the Federal Energy Regulatory Commission for permission to store natural gas in a cavern adjacent to Well 58, FERC asked Arlington officials whether they were aware of any roof or wall collapses in any salt caverns on the U.S. Salt property.

The company's answer: "To Arlington's knowledge, there have been no cavern roof failures in Galleries 1 or 2, or in any other cavern within the Watkins Glen Brine Field in which natural gas or natural gas liquids have been stored."

If that statement was not an outright lie, it artfully sidestepped the facts. But FERC never pressed the point, even after learning it had been toyed with.

FERC's own public file on Arlington's application contained documents detailing a 400,000-ton roof collapse in the very cavern that Arlington will use to store natural gas. They included cross-section diagrams of the cavern before and after the aircraft carrier-sized block of rock fell from the cavern's roof.

But FERC caved, approving Arlington's gas storage application in May without ever admitting its own disgraceful lack of rigor. Now its the DEC's turn to rule on the company's LPG storage application.

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